

Housing Assistance Tax Act of 2008

May 5, 2008

SHORT SUMMARY:

The *Housing Assistance Tax Act of 2008*, is a revenue neutral bill that would provide needed tax relief to homebuyers and homeowners. Under this bill, middle-class families would be eligible to receive a tax benefit that is equivalent to an interest-free loan of up to \$7,500 towards the purchase of a first home and existing homeowners claiming the standard deduction would be allowed an additional standard deduction for property taxes up to \$700 for a married couple filing jointly. States would receive a temporary increase in low-income housing tax credits and \$10 billion of additional tax-exempt bond authority to provide low-interest loans to first-time homebuyers, to build low-income rental housing and to refinance certain subprime mortgages. Furthermore, under the bill, municipal bonds that are guaranteed by Federal home loan banks would be eligible for treatment as tax-exempt bonds. The *Housing Assistance Tax Act of 2008* would also make necessary improvements to the low-income housing tax credit and other incentives for low-income rental housing. It would also make certain reforms to the rules governing real estate investment trusts. This bill has bipartisan support and was reported out of the Ways and Means Committee by a vote of 35-5 (with 12 Republicans joining with 23 Democrats in support of the bill). It is supported by a number of housing organizations, including the National Association of Realtors, the National Association of Home Builders and the National Council of State Housing Agencies. The cost of this bill is offset with a tax compliance provision included in the President's Budget and by delaying the effective date of a tax benefit for multinational companies that has not yet taken effect. Both offsets have previously passed the House of Representatives.